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July 23, 1992

2-205A006

17896

RECORDATION NO. FILED 1425

The Honorable Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

JUL 23 1992 10 22 AM

INTERSTATE COMMERCE COMMISSION

JUL 23 10 11 AM '92
MOTOR OPERATING DIVISION

Dear Secretary Strickland:

Enclosed for recordation, under the provisions of 49 U.S.C. § 11303(a) and the regulations thereunder, are three original counterparts of a Locomotive Lease Agreement between General Electric Capital Corporation ("Lessor") and Southern Pacific Transportation Company ("Lessee"), a primary document, dated as of July 15, 1992.

The names and addresses of the parties to the enclosed documents are as follows:

Locomotive Lease Agreement

Lessor: General Electric Capital Corporation
1600 Summer Street
Stamford, Connecticut 06927-4000

Lessee: Southern Pacific Transportation Company
1515 Arapahoe Street, Suite 1087
Denver, Colorado 80202

A general description of the equipment covered by the enclosed document is attached hereto as Schedule I.

C. Donelan
1/1/92

Letter to Secretary Sidney L. Strickland, Jr.

July 23, 1992

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The undersigned is the attorney-in-fact for purposes of this filing. Please return the extra copies of the enclosed documents to John K. Maser III, Esquire, Donelan, Cleary, Wood & Maser, P.C., Suite 850, 1275 K Street, N.W., Washington, D.C. 20005-4006 or to the bearer hereof.

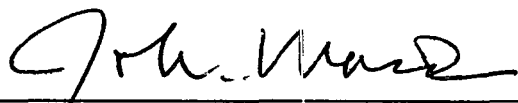
Also enclosed is a remittance in the amount of \$16.00 for the required recording fees.

A short summary of the document to appear in the index follows:

PRIMARY DOCUMENT

Locomotive Lease Agreement dated as of July 15, 1992, between General Electric Capital Corporation ("Lessor") and Southern Pacific Transportation Company ("Lessee"), relating to (i) seventeen (17) General Motors (Electro-Motive Division) SD40-2 diesel electric locomotives bearing identification marks "BN" and Nos. 6753, 6754, 6755, 6756, 6757, 6758, 6759, 6761, 6762, 6763, 6764, 6766, 6768, 6769, 6770, 6771, and 6772; and (ii) ten (10) General Electric C30-7 diesel electric locomotives bearing identification marks "BN" and Nos. 5500 through 5509, inclusive.

Respectfully submitted,

By: 

John K. Maser III
Attorney-In-Fact

SCHEDULE I

**DESCRIPTION OF EQUIPMENT COVERED
BY LOCOMOTIVE LEASE AGREEMENT**

Seventeen (17) General Motors (Electro-Motive Division) SD40-2 diesel electric locomotives with the following identification numbers:

<i>Unit Number</i>
BN 6753
BN 6754
BN 6755
BN 6756
BN 6757
BN 6758
BN 6759
BN 6761
BN 6762
BN 6763
BN 6764
BN 6766
BN 6768
BN 6769
BN 6770
BN 6771
BN 6772

Ten (10) General Electric C30-7 diesel electric locomotives with the following identification numbers:

<i>Unit Number</i>
BN 5500
BN 5501
BN 5502
BN 5503
BN 5504
BN 5505
BN 5506
BN 5507
BN 5508
BN 5509

JUL 23 1992-10 20 AM

INTERSTATE COMMERCE COMMISSION

LOCOMOTIVE LEASE AGREEMENT

This Locomotive Lease Agreement (the "Lease") dated and effective as of July 15, 1992 is between **GENERAL ELECTRIC CAPITAL CORPORATION** (the "Lessor") and **SOUTHERN PACIFIC TRANSPORTATION COMPANY** (the "Lessee").

1. Scope of Lease. Lessor agrees to provide and Lessee agrees to take and use the Group A Units and Group B Units (collectively and individually a "Unit") more fully described on Annex A attached hereto.

2. Term. The term of this Lease shall commence on the date above and shall continue through and including December 15, 1992 ("Initial Term"). Lessee shall pay Rent for each Unit, as described in Paragraph 4 hereof from the date of acceptance until the date of return of such Unit. Lessor acknowledges that the Units will be returned after the end of the Lease term, and Lessee acknowledges that this Lease will continue to apply against the Units until returned.

Upon the expiration of the Initial Term of the Lease for the Units, if no event of default as provided in Paragraph 12 below has occurred or is continuing under this Lease, Lessee may extend the term of the Lease for (a) the Group A Units through December 31, 1992 ("Group A Extended Term") at which time such Units must be returned to the Lessor as provided in Paragraph 7 hereof, and (b) the Group B Units on a month to month basis (each such month a "Group B Extended Term"). Either party may terminate this Lease with respect to the Group B Units at any time during any Group B Extended Term by providing not less than thirty (30) days prior written notice to the other.

3. Delivery and Acceptance. Lessor will deliver the Units to Lessee at Fort Worth, Texas and/or Denver, Colorado. Acceptance of the Units by the Lessee shall be evidenced by a "Certificate of Acceptance" in the form set forth in Annex B attached hereto, the execution of which shall constitute conclusive evidence of acceptance of the Units herein identified. Lessee shall assume control, quiet enjoyment and possession of each Unit on the date of acceptance. LESSOR MAKES NO WARRANTY EXPRESS OR IMPLIED AS TO ANY MATTER WHATSOEVER INCLUDING THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR A PARTICULAR PURPOSE.

4. Rent. Rent for each Unit shall be as indicated in Annex A attached hereto, payable on the first day of each month, in arrears. Rent shall be prorated if a Unit is not accepted by the first day of a calendar month or returned by Lessee on the

last day of a calendar month. If a Unit is accepted after the first day of a calendar month, the pro rata payment for that month will be added to, and paid with, the following month's rent.

Any amounts of rent or other amounts due or to become due hereunder not paid when due, shall bear interest at the rate of 9% per annum commencing on the 31st day after the due date until paid.

5. Maintenance. The Units are leased to Lessee on a "net" basis, i.e., Lessee is responsible for all maintenance and repair to the Units during the term of this Lease in accordance with the FRA Code of Federal Regulations Title 49 Part 229.1. The Lessee shall use the Units only in the manner for which designed and intended and so as to subject them only to ordinary wear and tear. Lessee will, at its sole expense, perform all repair and maintenance work, servicing lubrication and inspection of the Units in accordance with the more stringent of (i) Lessee's existing maintenance practices, or (ii) the original equipment manufacturer's recommendations. Lessor agrees to accept responsibility for the failure of the (a) turbocharger, (b) main generator and (c) crankshaft from the date of acceptance of the Units. Lessor agrees to further accept responsibility for (d) the failure of any traction motor for a period of thirty (30) days from the date of acceptance of each Unit. Lessee agrees to accept responsibility for items (a), (b), (c) and (d) at any time if such failure has been caused by Lessee's misuse or abuse or caused by derailment or any accident.

In the event that the maintenance required on a Unit is Lessor's responsibility, rent will abate from the time such Unit is interchanged from Lessee's line enroute to the repair facility designated by Lessor until such Unit is repaired and redelivered to Lessee's line.

Notwithstanding the foregoing, however, Lessor shall have the right to terminate the Lease of any Unit that fails due to items (a), (b), (c), or (d) above. In the event Lessor terminates the Lease due to these mechanical reasons, rental shall cease on the date that Lessee notified Lessor of such event.

6. Return Condition. The Units will be returned to Lessor in the same condition as received, subject to reasonable wear and tear. A joint inspection will be performed upon return of the Units to the Lessor and Lessee shall make any repairs to return the Units to the appropriate condition.

7. Return. Upon expiration or termination of this Lease with respect to the Group A Units the Lessee shall, at its expense, transport such Units to an Illinois Central Railroad Company interchange as directed by Lessor. Upon expiration or

termination of this Lease with respect to the Group B Units the Lessee shall, at its expense, transport such Units to a mutually agreed to interchange point on Lessee's lines.

8. Destruction; Indemnity. If, in the mutual opinion of the mechanical representatives of the Lessee and the Lessor, a Unit is damaged or destroyed beyond reasonable repair, Lessee will make a payment to Lessor in the amount of the Settlement Value as provided in Annex A attached hereto. Rent shall terminate as of the date of the Settlement Value payment. Lessee shall indemnify and hold Lessor harmless against any claim made against Lessor and against any expense, loss or liability (including but not limited to counsel fees and expenses) which the Lessor may incur (unless resulting from Lessor's sole negligence) by reason of this Lease, Lessor's ownership of, or arising from the use, operation, condition, delivery, rejection, storage, return of any Unit or any accident, personal injury, death or property damage involving any Unit, until such Unit is returned to the Lessor in accordance with the terms of this Lease. The indemnities in this paragraph shall survive payment or performance of all other obligations under this Lease or the termination of this Lease.

9. Taxes. Lessee is responsible for the payment of all taxes, whether property, use or otherwise, that apply to the Units or are applicable as a result of this Lease (other than federal, state or local income tax payable by the Lessor in consequence of the receipt of payments provided herein or franchise, business and occupation taxes). Taxes which are applied or levied with respect to a period prior to the date(s) the Units are placed into service with Lessee shall be prorated between Lessor and Lessee. Lessee shall not be responsible for and does not warrant or indemnify Lessor against the credits or other tax benefits associated with Lessor's ownership of the Unit.

10. Insurance. The Lessee will at all times during the Term of the Lease, at its own expense cause to be carried and maintained insurance sufficient to cover property damage in an amount to cover the Settlement Value (as defined in Paragraph 8) on all Units and liability insurance in the amount of \$12,000,000 per occurrence with respect to third party personal injury and property damage. Notwithstanding the foregoing, Lessee may self-insure to the extent that such self-insurance is consistent with prudent railroad industry practices.

11. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any lien on or with respect to the Units, any Unit or any part thereof, Lessor's title thereto, or any interest therein.

12. Default. Lessor must provide Lessee with notice and opportunity to correct any alleged default, other than a default in payment of rent, before an event of default may be declared by Lessor. Twenty (20) days notice shall be given prior to any such declaration. If the alleged default is not corrected to Lessor's reasonable satisfaction within the aforementioned time period, Lessor may declare an event of default. In that event, Lessee shall, at its expense, return the Units to any mutually agreed to storage or interchange point on Lessee's lines and Lessor shall attempt to lease the Units to other parties and otherwise attempt to mitigate its damages. Lessor shall be entitled in addition to pursue any remedy it may have at law or in equity to recover the full amount of its damages from Lessee resulting from Lessee's default including all costs, expenses and reasonable attorneys' fees.

The following events shall be deemed to be "events of default":

(a) The failure of Lessee to pay rent when due and the continuance of said failure for thirty (30) days after the due date.

(b) The unauthorized assignment or transfer by Lessee of this Lease or of possession of the Units, or any part thereof.

(c) The failure of the Lessee to observe or perform any of the covenants, conditions or agreements contained herein.

(d) Any bankruptcy proceedings shall be commenced by or against Lessee.

(e) Any material representation made by the Lessee to Lessor shall prove to be false or materially incorrect on the date it was made.

13. Quiet Enjoyment. So long as an event of default has not occurred, Lessee shall be entitled to the quiet enjoyment, use and possession of the Units.

14. Patents. Except in case of designs, articles and materials specified by Lessee and not manufactured by Lessor, or manufactured by the Lessor to Lessee's design, Lessor shall defend any suit or proceeding brought against Lessee based on a claim that the Unit or any part thereof furnished under this Lease constitutes an infringement of any patent of the United States, if notified promptly in writing and given authority, information and assistance (at Lessor's expense) for the defense of same, and Lessor shall pay all damages and costs awarded therein against Lessee. In case said Unit, or any part thereof,

is held to constitute infringement and the use of said Unit or part is enjoined Lessor shall, at its own expense and option either: procure for Lessee the right to continue using said Unit or part; replace same with non-infringing items; modify it so as to be non-infringing; take possession of said Unit and cancel this Lease with respect to the Unit, effective as of the date on which the Unit or part is held to constitute infringement in such suit, Lessor to pay the reasonable cost of returning said Unit to Lessor. The foregoing states the entire liability of Lessor for patent infringement. In the event the use of the Unit is enjoined based on a claim of infringement covered by provisions of this Section, Lessee's obligation to pay rent with respect to the Unit shall abate until the use of the Unit no longer is so enjoined or this Lease is canceled with respect to the Unit.

With respect to any designs, articles or materials specified by Lessee, and not manufactured by Lessor, or manufactured by Lessor to Lessee's specifications, Lessee shall defend any suit or proceeding brought against Lessor so far as based on a claim that any such designs, articles or materials, or any part thereof, furnished under this Lease constitutes an infringement of any patent of the United States, if notified promptly in writing and given authority, information and assistance (at Lessee's expense) for the defense of same, and Lessee shall pay all damages and costs awarded therein against Lessor. In case said designs, articles or materials, or any part thereof, is held to constitute infringement, and the use thereof is enjoined, Lessee shall, at its own expense and option, procure for Lessor the right to continue using or manufacturing said designs, articles and materials, or shall permit Lessor, at Lessee's expense, to modify such designs, articles and materials so as to become non-infringing. Notwithstanding any suits or proceedings which may be brought against Lessor or Lessee based on a claim that any designs, articles or materials specified by Lessee constitute an infringement of any patent of the United States, Lessee's obligation to pay rent shall continue for the term of this Lease.

15. Notices. All notices shall be in writing and given by certified or registered mail or overnight express carrier at the addresses shown below:

Lessor: General Electric Capital Corporation
1600 Summer Street, Sixth Floor
Stamford, CT 06905
Attention: D.L. Eakin

Lessee: Southern Pacific Transportation Company
1515 Arapahoe Street, Suite 1087
Denver, CO 80202
Attention: C.D. Rockwell

With copy to: Southern Pacific Transportation Company
One Market Plaza, Room 1004P
San Francisco, CA 94105
Attention: Director, Contracts and Joint
Facilities

16. Assignment. LESSEE MAY NOT ASSIGN THIS LEASE OR SUBLEASE THE UNITS WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR. Lessor may assign this Lease without the consent of Lessee but Lessee shall not be required to make any payments to any person other than Lessor unless Lessor has so advised Lessee in writing.

17. Law Governing. This Lease shall be governed by the law of the State of New York.

18. Entire Understanding. This Lease represents the entire understanding of the parties, may only be modified by their mutual written consent and has been executed by their duly authorized officials.

19. Counterparts. This Lease may be executed in any number of counterparts and by the different parties on separate counterparts, all of which together shall constitute a single agreement.

GENERAL ELECTRIC CAPITAL
CORPORATION

SOUTHERN PACIFIC
TRANSPORTATION COMPANY

By: MEakin
Title: MBR-OPERATIONS

By: WE Jovlar
Title: _____

STATE OF CONNECTICUT)
COUNTY OF Fairfield) S

On this 16th day of July, 1992, before me personally appeared Donald L. Sakin, to me personally known, who, being by me duly sworn, says that he is Manager-Operations of **GENERAL ELECTRIC CAPITAL CORPORATION**, that said instrument was signed and sealed on behalf of said corporation and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Margaret M. Murphy
Notary Public

My Commission Expires: **MARGARET M. MURPHY**
NOTARY PUBLIC
MY COMMISSION EXPIRES DEC. 31, 1995

[Notarial Seal]

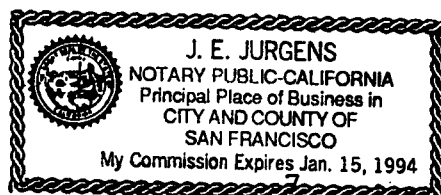
STATE OF CALIFORNIA)
COUNTY OF SAN FRANCISCO) S

On this 15th day of JULY, 1992, before me personally appeared W.E. Fowler, to me personally known, who, being by me duly sworn, says that he is DIRECTOR CONTRACT ST. FACILITIES of **SOUTHERN PACIFIC TRANSPORTATION COMPANY**, that said instrument was signed and sealed on behalf of said corporation by authority of its President and Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

J. E. Jurgens
Notary Public

My Commission Expires: _____

[Notarial Seal]



ANNEX A
to
Locomotive Lease Agreement
Dated as of July 15, 1992

GROUP A

Equipment Description

Seventeen (17) General Motors (Electro-Motive Division) SD40-2 diesel electric locomotives manufactured in 1975 and 1976 numbered as follows:

<u>Unit Number</u>	<u>Daily Rental Rate</u>	<u>Settlement Value</u>
BN 6753	\$270.00	\$310,000.00
BN 6754	\$270.00	\$310,000.00
BN 6755	\$270.00	\$310,000.00
BN 6756	\$270.00	\$310,000.00
BN 6757	\$270.00	\$310,000.00
BN 6758	\$270.00	\$310,000.00
BN 6759	\$270.00	\$310,000.00
BN 6761	\$270.00	\$310,000.00
BN 6762	\$270.00	\$310,000.00
BN 6763	\$270.00	\$310,000.00
BN 6764	\$270.00	\$310,000.00
BN 6766	\$270.00	\$310,000.00
BN 6768	\$270.00	\$310,000.00
BN 6769	\$270.00	\$310,000.00
BN 6770	\$270.00	\$310,000.00
BN 6771	\$270.00	\$310,000.00
BN 6772	\$270.00	\$310,000.00

GROUP B

Equipment Description

Ten (10) General Electric C30-7 diesel electric locomotives manufactured in 1975 and 1976 numbered as follows:

<u>Unit Number</u>	<u>Daily Rental Rate</u>	<u>Settlement Value</u>
BN 5500	\$185.00	\$225,000.00
BN 5501	\$185.00	\$225,000.00
BN 5502	\$185.00	\$225,000.00
BN 5503	\$185.00	\$225,000.00
BN 5504	\$185.00	\$225,000.00
BN 5505	\$185.00	\$225,000.00
BN 5506	\$185.00	\$225,000.00
BN 5507	\$185.00	\$225,000.00
BN 5508	\$185.00	\$225,000.00
BN 5509	\$185.00	\$225,000.00

ANNEX B

CERTIFICATE OF ACCEPTANCE

The undersigned, a duly authorized representative of **SOUTHERN PACIFIC TRANSPORTATION CORPORATION** (the "Lessee"), does hereby certify that he has caused to be inspected and, on the date set out below, has accepted on behalf of the Lessee the following described Units of equipment, which Units are in good order, condition and repair and conform in all respects to the terms, provisions, requirements and standards of the certain Lease of Railroad Equipment dated as of _____ between **GENERAL ELECTRIC CAPITAL CORPORATION** and Lessee.

<u>Equipment Description</u>	<u>No. of Units</u>	<u>Unit Number</u>	<u>Date Accepted</u>
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Authorized Representative